



HARVARD SCHOOL OF PUBLIC HEALTH
DEPARTMENT OF HEALTH POLICY AND MANAGEMENT

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**RESPONSES TO QUESTIONS FOR THE RECORD
June 26 Hearing, “A 21st Century Medicare”
House Committee on Energy and Commerce**

Thank you for the opportunity to respond to these additional questions from the **Honorable Gus Bilirakis**:

- 1. One of the greatest challenges of health care is the issue of price transparency. Health care is one of the biggest sectors of our economy where no one knows the cost of a service. Under a co-pay system, a patient could know the cost of a medical service in advance, but that cost does not necessarily represent the total actual cost of the service. Under a co-insurance system, a patient might not know the cost of a service until after the service is performed. When designing a new benefit structure, how can we increase the level of transparency in the system so beneficiaries can know what their costs will be before they even visit the doctor?**

I believe that price and quality transparency are crucial to enabling competitive forces to drive lower cost and higher value. Patients need information about quality and price to choose insurance plans and health care providers that give them the care that is right for them. Furthermore, the uncertainty generated by ill-defined coinsurance creates anxiety for patients as well as barriers to informed decision-making. Beneficiaries need clear advance information not only about prices of individual services and the quality and value offered by different providers, but also about how different benefit structures affect the premiums they face so that they can choose not just the best providers but also the ideal insurance plan based on cost-sharing, networks, and other features designed to enhance value.

- 2. Traditional Medicare Fee for Service operates in two different silos, Part A & B, without either part talking to each other. Medicare Advantage provides a comprehensive benefit with coordination between hospital and outpatient settings. Do we have data evaluating Medicare Advantage against traditional fee-for service? From your perspective, what lessons from Medicare Advantage can we apply to redesigning traditional Medicare?**

There are several studies suggesting that Medicare Advantage (MA) does indeed provide beneficiaries with higher quality and value coordinated care (see, for example, Landon et al., “Analysis of Medicare Advantage HMOs Compared with Traditional Medicare Shows Lower Use of Many Services During 2003-9,” *Health Affairs*, 31(12), 2012; Ayanian et al., “Medicare

Beneficiaries More Likely to Receive Appropriate Ambulatory Services in HMOs than in Traditional Medicare,” *Health Affairs*, 32(7), 2013), suggesting that there could be substantial gains to better coordination of care for fee-for-service enrollees. This line of research is hampered, however, by the limited data available on the care consumed by MA enrollees. Encounter data for MA enrollees parallel to the claims data available for fee-for-service enrollees would greatly facilitate these important comparisons and should be made available to researchers.

I hope that this information is helpful. Please do not hesitate to contact me if I can be of further service.

Sincerely,

A handwritten signature in blue ink that reads "Katherine Baicker". The signature is fluid and cursive, with a horizontal line extending from the end of the name.

Katherine Baicker